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MARKET SEGMENT REPORT: MEX

Restaurant Business

A BILL PUBLICATION

DECEMBER 10, 1987

PRESIDENTS' FORECAST

LABOR ISSUES • FOOD TRENDS • MARKET OUTLOOK

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Lackmann/Lackmann Foodservice | Bishop/Morrison's | Nyman/George Lang Corp. | Kozlowski/Canteen

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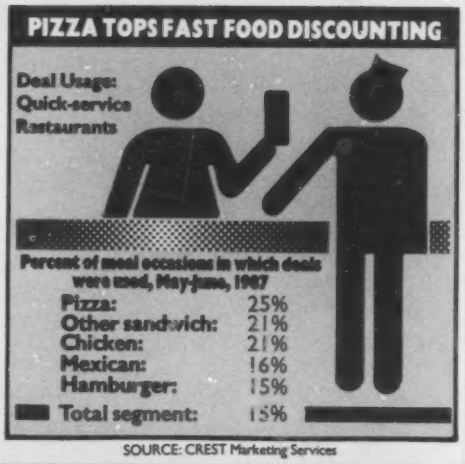
BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

By Howard Riell



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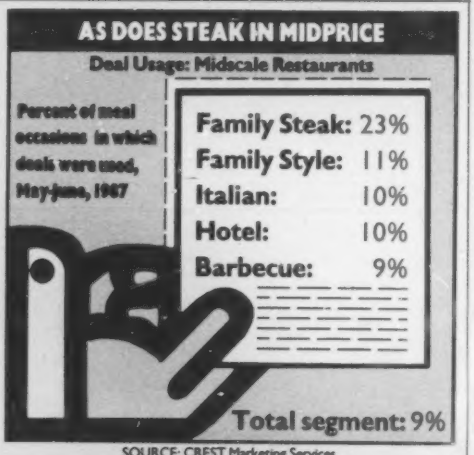

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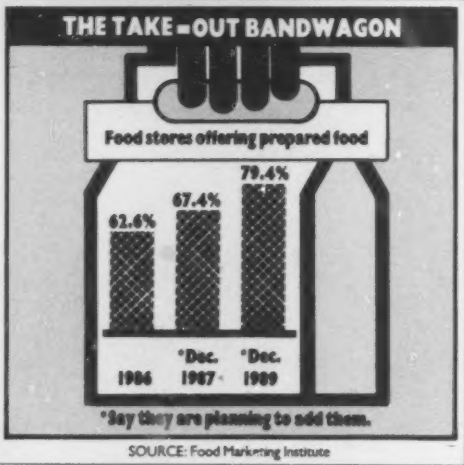

SOURCE: Food Marketing Institute

Dependence On Deals May Mean Trouble...

Approximately 25 percent of all meal occasions involving fast food pizza involve some sort of deal, most often a coupon. That and similar statistics, supplied by CREST Marketing Services, seemed to command the most attention and discussion at the recent National Restaurant Association Marketing Executives Conference in Lake Tahoe, NV. Many feared that the frequency of such deals will undervalue their product, and said they train customers to expect deals as a given in all purchases. One pizza company executive solemnly predicted that other concepts in other segments would soon be forced down the same "slippery slope."

...And Not For Fast Food Alone

That slide has already happened, to a large degree, among midscale concepts, most noticeably family steak houses. While the reasons behind the increased reliance on special deals are obvious—to help make up for decreasing demand for red meat, particularly in a predominantly blue-collar, price-sensitive target audience—the effect, again, may be injurious in the long run. One panelist suggested that chains and independents alike wean themselves off of couponing and concentrate on hospitality. "The more coupons we get," he said, "and the more scientific we try and make it, the more trouble we get."

Supermarkets Will Escalate 'Invasion'

It was Bob Martels, president of Martin's Supermarkets and vice chairman of the Food Marketing Institute's board of directors, who read the declaration of war at the organization's annual convention in Chicago. According to a survey cosponsored by FMI, the amount of money Americans spend on take-out food is increasing dramatically, and will continue to do so. "The bad news," he added, "is that shoppers think fast food restaurants are more convenient and have a more fun image, particularly for the kids." With that, he revealed the statistics (see charts), declaring, "The potential for further inroads by supermarkets...is obvious."

CHART DESIGNED BY SHARI FANG

Restaurant Business

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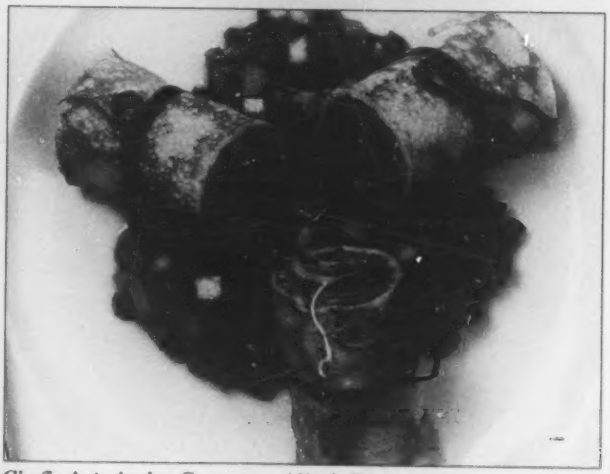

Chef's Art: Andre Guerrero, Alice's Restaurant, page 177.

Cover Story

INDUSTRY TRENDS **PRESIDENTS' FORECAST.** *Restaurant Business invited a dozen of foodservice's most prominent executives to a one-day brainstorming session, a frank, no-holds-barred discussion of critical issues of the day. In their own words, and through their unique perspectives, here is the 1987 industry update as seen through the eyes of those who know it best* 111

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Cover photography by Edward Atman.

Published 18 times a year by Restaurant Business Magazine, 633 Third Ave., New York, N.Y. 10017 Vol. 86 No. 18. Second Class Postage paid at New York, N.Y. and additional office (ISSN 0097-8043). Postmaster please send address changes to Restaurant Business, P.O. Box 5305, Grand Central Station, New York, N.Y. 10017.

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Changing its menu for the second time this year, **STEAK AND ALE** *is retrenching with a steak house image through a $10-million campaign, "The Legend in Steak"* 22

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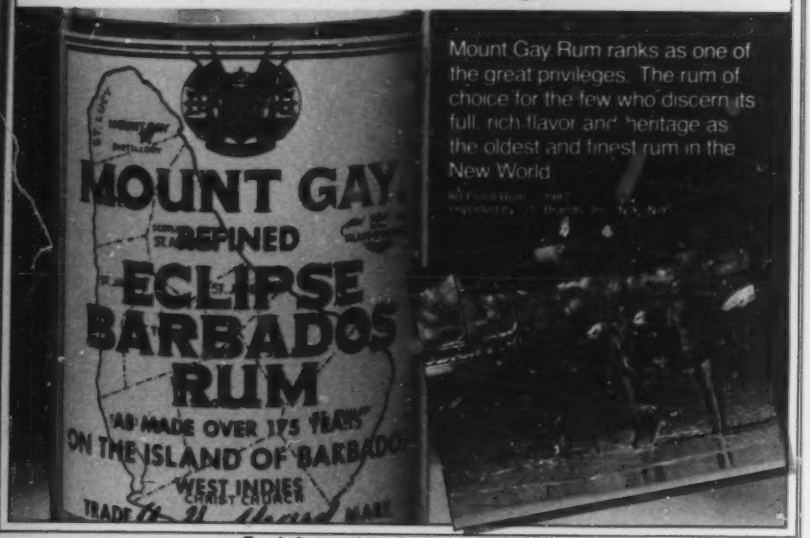
R.H.I.P.

Rank Has Its Privileges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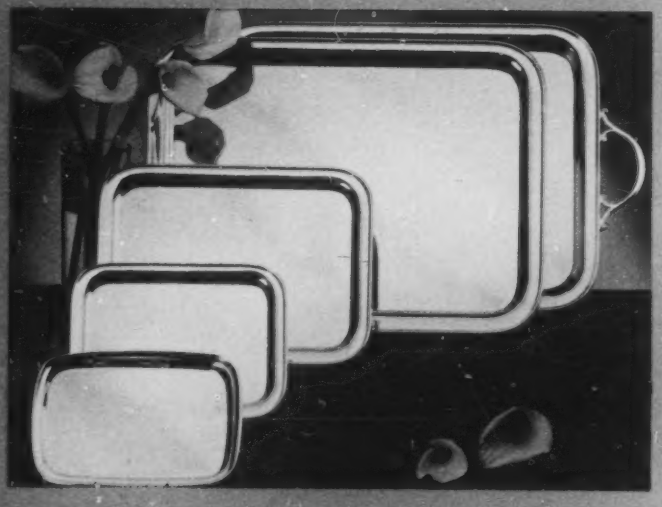

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RESTAURANT BUSINESS Magazine (formerly FAST FOOD) (ISSN 0097-8043) is published 18 times a year by Bill Communications, Inc., 633 Third Ave., New York, NY 10017. Telephone: 212-986-4800.

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Subscriptions in the U.S. $68; Canada, $98; elsewhere, $104. Single copies in the U.S. and Canada $5. Second class postage paid at New York, NY, and at additional offices. Postmaster: Send address corrections to Restaurant Business, Attention: Roseanne Walsh, Circ. Dept., 633 Third Ave., New York, NY 10017-6743.

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